and how to so adjust the financial provisions with respect to Indian States so that the States may not suffer if and when they join the Federation as a Unit like any other provincial unit. That is the position, Sir. The provisions of the Constitution do contemplate such differential arrangements. It is not a differential treatment or a favourite treatment given to Indian States over Provinces, But even assuming that the Indian States assume the same role or an equal role of a Province there is provision to differentiate between unit and unit for various considerations, and in so doing it is just possible that we may be in a position to persuade the Government of India, assuming that we agree to join the Union adopting the Constitution, it may be possible for us to persuade the Government of India to take into consideration our administrative commitments. That is all what I said and I hope there is nothing in that statement which ought to create sensation anywhere. I have attempted to make the matter very clear in my opening budget speech. We must not be deluded by the impression or we must not be misled by the impression that it is a levy made by the Government of India from this Government. It is not so. If it is a true Federation the question is what taxes shall be payable to our Central Government and what taxes shall be payable to our local Government and what subventions we shall receive from the Central Government in order to keep our standard of administration without going down. With respect to Assam and certain other provinces subvention is given because they are backward Provinces. By parity of reasoning we may say that proper subventions ought to be given to advanced Provinces so that they may not go back. That is the idea. Because an Indian State or a Province is joining the Federation in order to achieve the unity of India no unit of the Federation should go down in standards of adminstration. It will be the look-out of the centre to see that standards of administration do not go down. And it will be legitimate on our part to represent before the Federal Government to supply us with sufficient finances to keep up our administration. Even with the greatest prop from the centre if a Unit of the Federation finds it impossible to carry on the administration, then it is I said that the logic of circumstances point to this, even after this if a unit cannot exist, then it means that it does not deserve to exist.

Mr. C. V. Iyyu *(Kunnamkulam):* I would request the Hon'ble Minister to explain about the position of our customs revenue, although it does not strictly come under this.

Mr. President: We are on income-tax.

Mr. P. Govinda Menon *(Minister for Finance and Law)*: It is too tangled and difficult a subject that I may not be in a position to give an off-hand statement now.

Mr. C. V. Iyyu *(Kunnamkulam):* I am glad that the Finance Minister has given a further elucidation on the subject of the Financial structure of the State in relation to the Government of India in the matter of Income-tax. I do not press the motion to a division. With the leave of the House I withdraw the motion.

Motion, by leave, withdrawn

Demand put and carried

(vi) 26—Income-tax & Sales tax *(Cranganur)*

Mr. P. Govinda Menon (*Minister for Finance and Law*): "Under 26-Cranganur Income-tax and Sales-ax, I move that Government be granted an amount of Rs. 3,500.

Mr. E. Ikkanda Warriar *(Prime Minister):* I secend it.

Demand put and carried

(vii) 11—Matches, Vegetable products, etc.

Mr. P. Govinda Menon (*Minister for Finance and Law*):' Under 11 Matches, Vegetable products, etc. I move that an amount of Rs. 1,16,578 be granted to Government.

Mr. E. Ikkanda Warriar *(Prime Minister):* I second it.

Demand put and carried

The House rose for the day at 8 p.m.

N. I. OUSEPH
Secretary

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